

FDIC State Profile

Summer 2004

Louisiana

Labor market conditions in Louisiana slowed slightly in first quarter 2004.

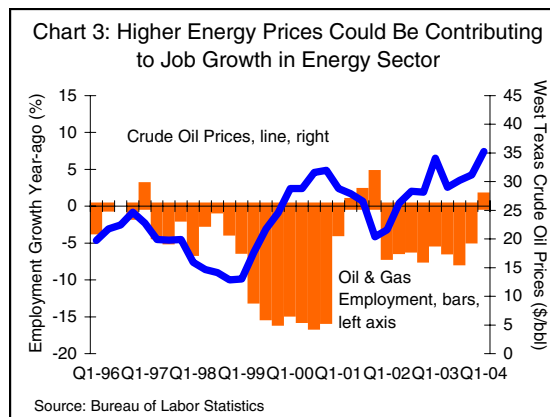
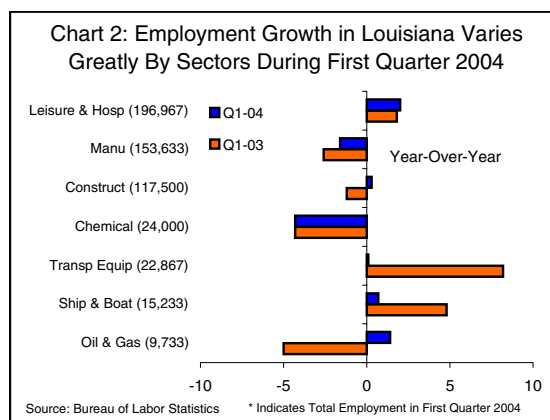
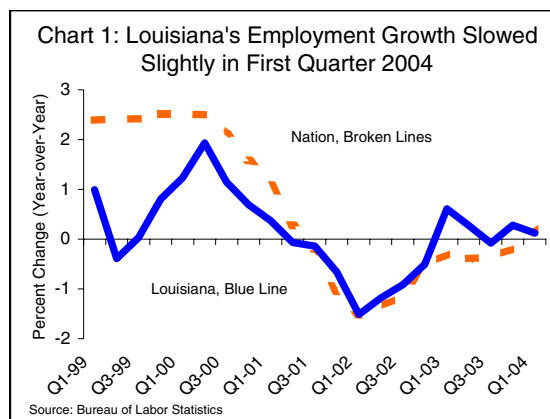
- Employment levels in Louisiana grew 0.1 percent on a year-over-year basis in first quarter 2004, compared with 0.6 percent one-year earlier. (See Chart 1.)
- During the first quarter of 2004, the strongest employment growth occurred in the areas of health and education and leisure and hospitality, which expanded at rates of 2.0 percent on a year-over-year basis.
- In contrast, significant rates of job losses occurred in the chemical and manufacturing sectors. (See Chart 2.) The chemical industry was hit hard by the high cost of natural gas, which resulted in higher product prices and a loss of customers to foreign suppliers.¹

Oil and gas employment rebounds as crude oil prices exceed \$40 a barrel.

- After two years of decline, employment levels in the oil and gas industry rose 1.4 percent in first quarter 2004, on a year-over-year basis. The energy sector remains a dominant contributor to the state economy, accounting for 19 percent of gross state product as of year-end 2001 (most recent data available), down from 30 percent at year-end 1981. (See Chart 3.)
- Energy sector employees are well compensated; as a result, even modest changes in the industry have a significant effect on income in energy dependent areas.
- Prices for Louisiana's main crops (based upon receipts) generally remained strong at planting time.² According to a news report, flooding in late May 2004 is likely to necessitate extensive replanting of rice.

Past-due loan levels among insured institutions in Louisiana decline.

- Credit quality improved during first quarter 2004 based upon reported loan performance. Median past-due and nonaccrual loan levels for insured institutions



¹Since natural gas prices spiked in 2000, the chemical industry shed approximately 4,000 jobs, representing 10.5 percent of total chemical employment in 2003.

²For example, the April 2004 price for rice more than doubled in a year.

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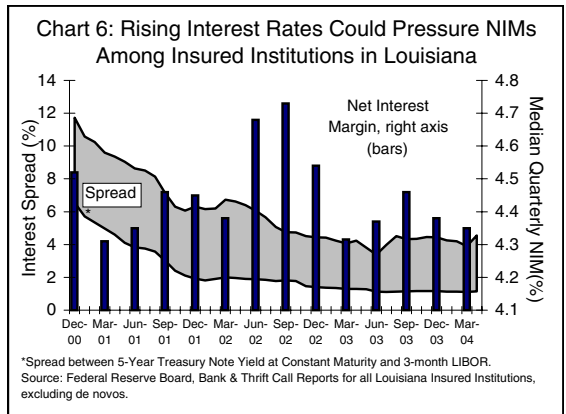
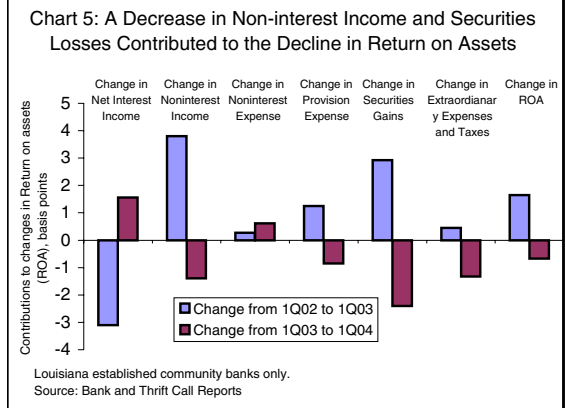
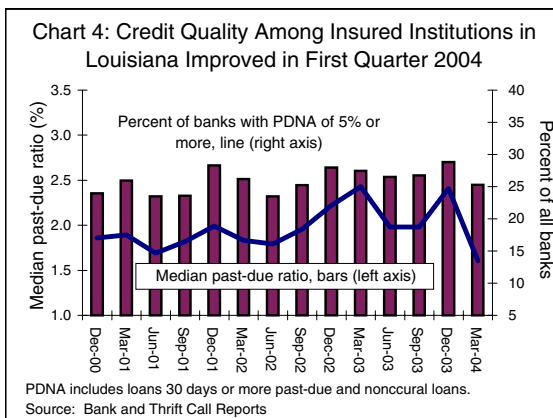
headquartered in Louisiana fell to 2.45 percent of loans, 15 basis points below the level registered in the prior quarter (See Chart 4). Most major loan categories contributed to the credit quality improvement; exceptions included multi-family real estate, home equity and agricultural production loans, all of which reported deterioration.

Earnings performance slightly decreased in first quarter 2004.

- The annualized return on assets (ROA) was 1.15 percent in first quarter 2004 for established community banks in Louisiana, down from 1.18 percent one-year earlier. A near 7 percent gain in net interest income, which provided a significant contribution to ROA, was largely offset by an almost 6 percent increase in non-interest expenses. (See Chart 5.)
- Additionally, contributions to ROA from non-interest income sources and securities gains fell in the quarter on a year-over-year basis. (See Chart 5.)

Net interest margins may be further pressured.

- The quarterly net interest margin (NIM) for established insured institutions in Louisiana was 4.35 percent in first quarter 2004, down from 4.38 percent at year-end 2004. (See Chart 6.)
- As the national economy gains momentum, interest rates are expected to rise. An increase in interest rates, particularly if accompanied by a shrinking of currently high spreads between short- and long-term rates, could place significant downward pressure on NIMs.³



³Thirty-seven percent of bankers recently surveyed by the American Banker cited rising interest rates as one of their biggest concerns.

Louisiana at a Glance

General Information	Mar-04	Mar-03	Mar-02	Mar-01	Mar-00
Institutions (#)	168	172	174	177	187
Total Assets (in thousands)	54,552,481	50,935,995	47,378,942	45,496,871	55,024,150
New Institutions (# < 3 years)	0	0	5	13	15
New Institutions (# < 9 years)	14	17	17	17	21
Capital	Mar-04	Mar-03	Mar-02	Mar-01	Mar-00
Tier 1 Leverage (median)	9.77	10.39	10.06	10.23	10.39
Asset Quality	Mar-04	Mar-03	Mar-02	Mar-01	Mar-00
Past-Due and Nonaccrual (median %)	2.45%	2.60%	2.51%	2.50%	2.12%
Past-Due and Nonaccrual >= 5%	33	43	29	31	28
ALLL/Total Loans (median %)	1.34%	1.34%	1.26%	1.30%	1.30%
ALLL/Noncurrent Loans (median multiple)	1.46	1.32	1.52	1.52	1.77
Net Loan Losses/Loans (aggregate)	0.22%	0.38%	0.38%	0.31%	0.33%
Earnings	Mar-04	Mar-03	Mar-02	Mar-01	Mar-00
Unprofitable Institutions (#)	3	6	4	11	10
Percent Unprofitable	1.79%	3.49%	2.30%	6.21%	5.35%
Return on Assets (median %)	1.06	1.07	1.04	1.05	1.05
25th Percentile	0.74	0.74	0.73	0.65	0.71
Net Interest Margin (median %)	4.35%	4.32%	4.38%	4.31%	4.59%
Yield on Earning Assets (median)	5.62%	6.04%	6.85%	8.13%	7.97%
Cost of Funding Earning Assets (median)	1.44%	1.84%	2.51%	3.92%	3.52%
Provisions to Avg. Assets (median)	0.10%	0.12%	0.10%	0.10%	0.09%
Noninterest Income to Avg. Assets (median)	0.91%	0.87%	0.82%	0.86%	0.78%
Overhead to Avg. Assets (median)	3.43%	3.42%	3.30%	3.42%	3.45%
Liquidity/Sensitivity	Mar-04	Mar-03	Mar-02	Mar-01	Mar-00
Loans to Deposits (median %)	71.27%	68.19%	69.66%	71.03%	68.51%
Loans to Assets (median %)	59.83%	58.29%	59.50%	60.15%	57.47%
Brokered Deposits (# of Institutions)	16	15	13	10	9
Bro. Deps./Assets (median for above inst.)	1.30%	0.82%	1.28%	1.87%	2.31%
Noncore Funding to Assets (median)	19.89%	18.13%	18.58%	17.44%	16.95%
Core Funding to Assets (median)	68.32%	68.93%	69.34%	70.53%	71.06%
Bank Class	Mar-04	Mar-03	Mar-02	Mar-01	Mar-00
State Nonmember	120	122	124	126	132
National	14	15	16	16	19
State Member	3	3	2	2	3
S&L	20	20	21	21	21
Savings Bank	9	9	8	9	9
Stock and Mutual SB	2	3	3	3	3
MSA Distribution	# of Inst.	Assets	% Inst.	% Assets	
No MSA	90	10,761,131	53.57%	19.73%	
New Orleans LA	29	32,541,903	17.26%	59.65%	
Lafayette LA	22	5,182,338	13.10%	9.50%	
Shreveport-Bossier City LA	8	733,567	4.76%	1.34%	
Baton Rouge LA	8	2,788,289	4.76%	5.11%	
Houma LA	6	760,951	3.57%	1.39%	
Monroe LA	2	495,732	1.19%	0.91%	
Lake Charles LA	2	923,414	1.19%	1.69%	
Alexandria LA	1	365,156	0.60%	0.67%	